

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

--	--	--	--	--	--	--	--	--	--

# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2018/2019

**BTM3614 – Technology Management**  
(All sections / Groups)

25 OCTOBER 2018  
9:00 A.M. – 12:00 P.M.  
(3 Hours)

---

### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FIVE (5)** pages with **FIVE (5)** questions only.
2. Attempt **ALL** the questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**ANSWER ALL QUESTIONS****QUESTION 1**

- a) Categorise innovation into **FOUR (4)** categories based on usage/problem and product/process.

(8 marks)

- b) Draw the flow of the key activities in the strategic management process.

(12 marks)

(Total: 20 marks)

**QUESTION 2**

- a) What are the factors that discourage innovation?

(6 marks)

- b) Discuss the role of board of directors in an organisation.

(14 marks)

(Total: 20 marks)

**QUESTION 3**

- a) Inertia, fear and complacency are the common problems encountered in engagement, one of the elements of innovation implementation. Suggest **THREE (3)** activities that can be carried out to overcome the problems.

(9 marks)

- b) Briefly explain what strategic alliance is and discuss the **THREE (3)** dimensions of alliances.

(11 marks)

(Total: 20 marks)

**QUESTION 4**

- a) The implementation of the acquisition of technology strategy is all about integrating, blending, and building fit. Give and discuss the **THREE (3)** categories of failure happen in building fit.

(12 marks)

- b) There are five nonfinancial concerns that need special attention in the due diligence evaluation of the potential partner or merger/acquisition target. List and discuss any **TWO (2)** of the nonfinancial concerns.

(4 marks)

**Continued .....**

- c) Knowledge can be categorised into two types. What are the **TWO (2)** types of knowledge? Discuss and give example for each type of knowledge.

(4 marks)

(Total: 20 marks)

### **QUESTION 5 (Case Study)**

#### **IKEA Address Ethical and Social Responsibility Challenges**

IKEA was founded by Ingvar Kamprand in Agunnaryd, Sweden in 1943 when he was only 17. His father had given him money as a reward for doing well in school, and Kamprand turned around and opened a business selling small items such as pens, wallets, and watches at reduced prices. He derived the name IKEA from the initials of his name I and K, as well as E for Elmtaryd and A for Agunnaryd, the farm and village where he grew up. In 1945 IKEA grew too large for Kamprand to make individual sales calls, which convinced him to begin advertising in local newspapers. He also started a mail-order service where he delivered using the local milk truck as a middleman between IKEA and the nearest train station. Shortly afterward, he added furniture to his line and eventually published the first IKEA catalog. In 1953, a furniture showroom opened where customers could see and touch the products before ordering.

IKEA is highly focused upon design, viewing it as a competitive advantage. For instance, IKEA stores have been designed intentionally to what some describe as a "maze" that encourages shoppers to go through the entire store. This strategy allows shoppers to see a variety of IKEA items, possibly leading to impulse or add-on purchases.

Design has also led the company to develop furniture that can be easily transported. One major innovation came from an IKEA employee, who removed the legs of a table to fit it into his car. From this IKEA got the idea to develop self-assembly furniture that could use flat packaging. This would not only make it easy to transport but also save IKEA costs on packaging large items. This ability to cut costs has helped IKEA achieve its goal of quality goods offered at affordable prices. IKEA is constantly looking for ways to cut costs on production, packaging, and transportation without compromising quality.

#### **IKEA'S ETHICAL CONDUCT**

IKEA tries to create a better life for all of their stakeholders, including customers, employees, suppliers, and communities. It achieves this through the implementation of 8 core values (togetherness, caring for people and planet, cost-consciousness, simplicity, renew and improve, different with a meaning, give and take responsibility, lead by example), a strong vision statement, and its supplier code of conduct. IKEA's values have helped to direct IKEA's actions. For instance, the company tries to ensure that materials for its products are not taken from protected forests, which fits in with IKEA's value of accepting responsibility.

**Continued .....**

## **EMPLOYEE STAKEHOLDERS**

IKEA wants to understand its employees and their views toward the workplace. The company uses an independent third company to conduct VOICE, a co-worker survey to determine employee viewpoints and their satisfaction with the firm's business operations. The majority of respondents surveyed believe that IKEA is doing much in the area of sustainability. Helping employees to understand their sustainability goals is important to IKEA, which has led them to develop sustainability training materials for co-workers. IKEA has developed a corruption policy called Rules of Prevention of Corruption and an investigation policy providing guidelines workers can use for how to act after observing questionable activities. IKEA has also established a trust line that allows co-workers to report concerns to the firm.

## **COMMUNITIES**

IKEA has partnered with organizations such as UNICEF and Save the Children to provide funding for the building of schools and educational materials to address the causes of child labor and to empower women. For instance, each year IKEA holds a fundraiser in which it donates one euro to UNICEF and Save the Children for every soft toy sold. IKEA also donates a SUNNAN solar cell lamp to these two organizations for each one that a customer buys. IKEA strongly supports the Children's Rights & Business Principles developed by UNICEF.

## **IWAY AND SUPPLIERS**

In terms of its suppliers, IKEA has developed a number of standards codified in its IWAY supplier code of conduct. The first requirement that potential suppliers will notice before they can even do business with IKEA is that the supplier cannot use forced or child labor. Additionally, IWAY calls for the suppliers themselves to assign at least one person whose responsibility will be to ensure that the supplier is complying with IWAY expectations. Any sub-contractors the supplier uses must sign a document attesting that their organization will also comply with these standards. The supplier must also agree to an internal compliance audit every 12 months.

Despite IKEA's popularity and its many ethical initiatives, the company has faced a number of ethical challenges in the past few decades. Many of these challenges are the result of ethical lapses that IKEA allegedly made when dealing with its stakeholders.

## **HUMAN RIGHTS**

IKEA prides itself on its strong corporate responsibility, especially in terms of human rights. However, a recent allegation surfaced that revealed some questionable practices involving the Communist regime more than 30 years ago. IKEA admitted that during this time period, it had used East German political prisoners to build some of the components of its furniture. Prisoners that refused were punished. Even though it occurred many years ago, this revelation has put a blight on IKEA's human rights track record. On the other hand, the fact that it acknowledged its wrongdoing and updated its values on issues such

**Continued .....**

as prison labor is a good sign that the firm wishes to avoid the semblance of any similar type of misconduct in the future.

### **SPYING ON EMPLOYEES**

After a document was published during a court case, it came to light that IKEA was allegedly conducting private investigations on certain employees in France. Further reviews of the situation determined that IKEA had been using investigators to investigate potential job applicants, employee misconduct, and even consumer complaints. One higher-level employee in France was let go after an extended sick leave. According to complaints, IKEA assumed that this employee was not actually sick and launched an investigation. Eventually, she was fired. When evidence of the investigations came to light, she pressed charges. This issue of infringing on employee privacy is especially problematic in France, which tends to have stricter privacy laws than the United States and other countries. Although IKEA has not publicly commented on the scandal, an internal investigation was launched and several key executives were terminated. The court in France required IKEA to post a bond of 500,000 euros (\$680,850 USD).

### **PRODUCT QUALITY**

Another scandal that occurred at IKEA involved product quality. In 2013, the company pulled all of its famous Swedish meatballs from stores in Europe. The company was accused of selling meatballs that contained horsemeat. Authorities in the Czech Republic claimed they had tested the meat and detected horse DNA. IKEA launched an investigation and found that the problem originated from one Swedish supplier. They claimed the supplier had bought the meat from two slaughterhouses in Poland. The company pulled the meatballs off the shelves throughout Europe, apologized to customers, and reiterated that it does not accept ingredients that are not stated in its recipes. It also made sure to assure people that horse meat itself is not dangerous. Additionally, IKEA filed a police report against the supplier in question (the supplier was also dropped). Soon Swedish meatballs were once again being sold in stores, but to ensure they were not tainted IKEA provided temporary DNA testing of the products. The organization is working toward developing a better traceability standard that will improve the tracking of meat from farmhouse to store.

### **CORPORATE GOVERNANCE**

IKEA also faced problems in Russia. For some time, IKEA has opposed corruption in Russia, in which it maintains 12 stores. It went so far as to freeze its investments as a protest. Afterward, two senior IKEA executives in Russia were fired after they allowed bribes to be paid in exchange for electricity supplies. Although IKEA should be admired for its attempts to resist corruption in different countries, it is important for the firm to carefully monitor its own operations to ensure that managers and employees are adhering to ethical standards.

Source: "IKEA Address Ethical and Social Responsibility Challenges" <https://danielsethics.mgt.unn.edu/pdf/ikea.pdf> (accessed on 1 Aug 2018)

Continued .....

**QUESTIONS:**

- a) Explain what corporate social responsibility (CSR) is and give **FOUR (4)** examples based on the case above.

(12 marks)

- b) List out **FOUR (4)** criticisms of CSR from the case above.

(4 marks)

- c) Suggest any **TWO (2)** strategies for ethically building the value of a company.

(4 marks)

(Total: 20 marks)

**End of Page**

